1) Insurance costs
2) Loss experience
3) Legal expense
4) Safety programs
5) Workman's compensation
6) Exposures - liability
7) Exposures - property
8) Exposures - boiler and machinery

The firm will analyze each of the areas to determine the amount of exposure involved for each county, and then recommend to the counties alternative methods for handling the exposures. The purpose of the program is not to disrupt the present insurance arrangements, but to determine means by which the county losses can be reduced, exposures transferred with the overall objective of lowering insurance costs. Fees for 20 initial counties desiring to participate were based on each county's size by population class. Island County's fee would therefore be $1,200.00. Commissioner Mecklenberg moved that the Board authorize the Chairman to offer $800.00 to participate in the self-insurance program with other counties. Motion, seconded by Commissioner Christiansen, carried unanimously.

DISPOSITION OF SHERIFF'S DEPARTMENT SURPLUS VEHICLE

Sheriff O'Brien appeared before the Board to discuss the disposition of one 1971 Plymouth surplus vehicle, upon direction of the Board 8 July to proceed to sell the vehicle at public auction according to statutory requirements. He submitted the vehicle title, a proposed resolution scheduling public hearing to dispose of the vehicle and legal notice, all which must be approved by the Board of Commissioners. Commissioner Christiansen moved that the Board hold this matter until their next Board meeting. Motion, seconded by Commissioner Mecklenberg, carried by majority vote, with Commissioner Anderson abstaining from vote.

ROAD BONDS - HOLMES HARBOR GOLF & YACHT CLUB

Edward Novack with the lawfirm of Novack and Hanson, representing First Realty, Inc., commented regarding the problems with the Holmes Harbor Golf & Yacht Club development at this time, with the understanding that the road situation was a concern of the County as well as many of the residents in that area that those roads be maintained in better shape than they currently are; he stated this was also a concern shared by First Realty, but stated that the problem at this point was that First Realty does not have the funds available to handle the situation on the roads. As a preliminary matter, Mr. Novack stated he was not sufficiently familiar with either the documents or legal relationships of the parties to be able to comment on whose responsibility it is or what First Realty's responsibility is in the matter -- not appearing at this time before the Board to either affirm or deny any responsibility on their part. In regard to the Board's decision to proceed with the lawsuit against First Realty, Mr. Novack noted that it was his hope to convince the Board that it would be to the County's advantage and the residents of the area to reconsider that decision at least for the time being. They did discuss the matter with Harold Baily, attorney representing property owners in Division Number 7, as to what First Realty's feelings were and what they intended to do; although he did not commit his clients to anything, Mr. Novack stated he felt Mr. Baily was understanding. Mr. Novack explained that the situation at this time is basically that First Realty is not in a position at this point to provide funds; they have been negotiating for some time with the Golf Club with two basic purposes in mind -- one is to enable them to acquire a golf club that is a better golf club than the one they now have, and the other is to see if they can establish a water district in that area. The purpose of the water district would be to conduct a water system, and also to provide sewers to that area. In the absence of sewers in that area, that development cannot and will not progress, indicating that the County would have a great deal of land which does not have any tax value to anyone. Mr. Novack requested that the County cooperate with First Realty to work out a solution rather than to work out a mass foreclosure action or whatever would be necessary. Mr. Novack stated First Realty hopes to accommodate two purposes: One, to make



out a sales arrangement with the golf club so they can acquire a good useable golf course, and secondly, to make arrangements so utimately there will be sewers in that area, making the lots at that point not only a tax benefit to the County, but also to others. First Realty arranged, solely through contribution, approximately $7,000.00 to clear the one year's taxes which were delinquent on many of the lots. Mr. Novack assured the Board that if they did pursue the action against First Realty and the bonding company, that there would be an intense reaction from the bonding company against First Realty, which in turn would completely shut down the entire operation. He also assured the Board that regardless of the right of recovery they may have against the bonding company or First Realty, that the ability to recover against First Realty as of this date, in his opinion is nill. On the other hand, Mr. Novack felt that if the County would coordinate and cooperate with what the plans are of both the Golf Club and First Realty, he stated that the end result would be that the County would have valuable property on the tax rolls as well as a first-class operating golf course in that area providing community services to those who want to use it. Mr. Novack indicated it was his interpretation, although not a commitment, that Mr. Baily would agree that if some arrangements were made to fill up at least temporarily the worst chuck-holes in that area, he would go along with the plan to continue to allow the various participants to work out this problem without holding everything up in litigation the County is now contemplating, noting that given the time and cooperation from the County, First Realty could work out something to fill the chuck-holes in a manner acceptable to most of the residents in the area. If the sewers go through as hoped and if things go according to schedule, it could be as little as a year and a half to two years that those roads would be completely ripped up in order to put in the sewer system, so a total re-paving job at this point would seem rather pointless. He explained that First Realty inherited the problem from Jack Martin and the previous Holmes Harbor Development Company, inheriting serious prlblems not created by First Realty but rather its predecessor. He noted that First Realty has had some very successful operations, primarily in the City of Seattle and had sunk in almost every amount of profit from those projects into this development trying to keep it a viable development to meet its commitments to the lot owners. At this point without the ability to get the cooperation and coordination of those involved, there is not any new money for First Realty to be able to put into it however. He again requested that the Board reconsider their prior decision. Rich Haworth, Deputy Prosecuting Attorney, noted that the pending lawsuit against First Realty had been filed, and would proceed with the lawsuit unless otherwise directed by the Board of Commissioners. In that this is not only contemplated but existing litigation, it is an area where a possible Executive Session could be allowed in order to receive input from any of the other County Departments, or to take some time to discuss the settlement offer among themselves. No comments were noted from the Board and no action taken at this time.

BUDGET REVISION AND EXTENSION - ISLAND COUNTY DEFENDERS ASSOCIATION
GRANT NUMBER 75-C-0130

Cecil Flitcroft, Administrator, Island County Defenders Association, appeared before the Board at 4:00 P.M. as scheduled. He requested the Board approve a budget revision transferring $1,153.84 from Supplies and Operating Expenses to extend the contract to 30 September 1976. Commissioner Mecklenberg moved that the Board authorize the Chairman of the Board to approve the letter to the Law and Justice Planning Office requesting as enumerated by Mr. Flitcroft, revision and extension of Grant Number 75-C-0130. Motion, seconded by Commissioner Christiansen, carried unanimously.